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1980

FINANCIAL ANALYSIS

PRODUCTIVITY...
MEASUREMENT FOR
MANAGEMENT

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A7030-1

N A R G U S

NATIONAL ASSOCIATION OF RETAIL
GROCERS OF THE UNITED STATES

SUITE 820
RESTON INTERNATIONAL CENTER
RESTON, VIRGINIA 22091

PRODUCTIVITY . . . .
MEASUREMENT FOR
MANAGEMENT

O P E R A T I N G R E S U L T S

1980

THIS REPORT WAS PREPARED IN COLLABORATION WITH
BARTZ, POSTL & ASSOCIATES, INC.
MILWAUKEE, WISCONSIN

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EXHIBIT A

NARGUS
TRENDS IN RETAILER'S PERFORMANCE

SALES, PROFITS AND ADVERTISING

	THIS YEAR	LAST YEAR	TREND
SALES AND PROFIT			
Increase in sales	8.6%	12.6%	(31.7%)
Pretax profit	2.0	2.1	--
Sales per customer	$10.53	$11.13	(5.7%)
ADVERTISING			
Percent advertising to sales	1.04%	1.10%	(5.8%)
Annual amount spent on advertising per store	$46,016	$42,876	7.3%
Advertising by major class - percent of total stores:			
Newspapers	91%	89%	
Radio and television	49	67	
Incentive promotions	60	67	
Sales circulars	59	63	
Shelf talkers	87	95	
SALES MIX			
Grocery	66.9%	64.0%	4.5%
Meat	21.7	20.9	3.8
Produce	6.1	6.5	(6.2)
Bakery	3.8	2.9	31.0
Delicatessen	3.6	3.9	(7.7)
GROSS PROFIT			
Grocery	17.9%	18.0%	(2.0%)
Meat	19.9	20.3	(1.7)
Produce	27.7	27.9	
Bakery	39.3	48.1	(22.4)
Delicatessen	36.7	37.5	(2.2)
Total store	19.6%	19.9%	(2.0%)

EXHIBIT B

NARGUS
TRENDS IN RETAILER PERFORMANCE

LABOR PRODUCTIVITY AND STORE EXPENSES

	THIS YEAR	LAST YEAR	TREND
LABOR PRODUCTIVITY			
Percent of labor to sales:			
Grocery (with front end)	6.5%	6.8%	(4.6%)
Meat	8.1	7.8	3.9
Produce	9.5	9.7	(2.1)
Bakery	31.2	29.8	4.7
Delicatessen	23.5	23.7	(.9)
Total	8.8%	8.8%	--
SPEH (SALES PER EMPLOYEE HOUR)			
Grocery	$110.40	$103.34	6.8%
Meat	88.78	86.22	2.9
Produce	61.93	56.14	10.3
Bakery	--	--	--
Delicatessen	21.05	23.68	(12.5)
Total	$69.87	$66.90	4.4%
STORE MANAGEMENT			
Percent of store management salary to sales	.9%	1.0%	(10.0%)
OTHER STORE EXPENSES (EXCLUDING STORE LABOR)			
Percent of other expenses to sales	8.5%	9.0%	(5.9%)

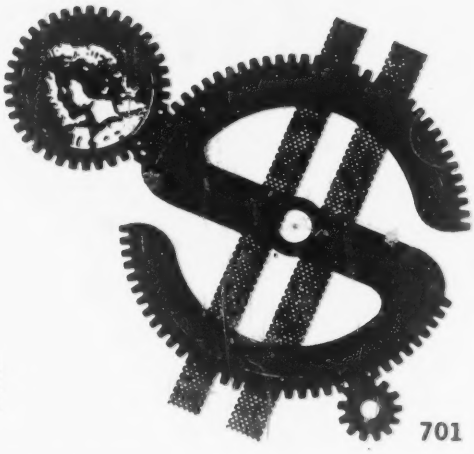
EXHIBIT C

NARGUS
TRENDS IN RETAILER PERFORMANCE

FINANCIAL RATIOS

	THIS YEAR	LAST YEAR	TREND
FINANCIAL NORMS:	% OF TOTAL	% OF TOTAL	
BLOCKED CASH			
Accounts receivable	25.6%	64.6%	
Inventories	207.4	533.2	
	233.0%	597.8%	
Accounts payable	133.0	497.8	
Blocked cash	100.0%	100.0%	
VENDOR FLOAT			
Ratio of payables to inventory	57.7%	71.3%	(19.1%)
Sales generated per inventory dollar	$23.74	$26.60	(11.1%)
DEBT TO NET WORTH (LEVERAGE)			
Ratio of long term debt to net worth	.83 to 1	.80 to 1	
RETURN ON YEAR END INVESTMENT			
Pretax profit to sales	23.2%	16.0%	
WORKING CAPITAL RATIO	1.62 to 1	2.08 to 1	

I - OPERATING TRENDS - 1980 TO 1979



1. NARGUS OPERATIONS ANALYSIS

This is the eighteenth consecutive report in the annual NARGUS OPERATIONS ANALYSIS. This report covers the results of NARGUS retail operators for the calendar year 1980 and includes the operations of 75 participating retailers operating 195 stores with over $925 million in sales.

The annual sales average per store of the NARGUS retailers in this study was $4,746,000 per year for an increase of 11.8% as last year's NARGUS retailers reported an average of $4,246,000.

2. VOLUME AND STORE PROFILE

SALES VOLUME				
WEEKLY SALES (000's)	GROUP	COMBINED SALES	NUMBER OF STORES	PERCENT TO TOTAL
$ 0 - $ 30	1	$ 7,862,841	6	.85%
30 - 40	2	40,729,780	23	4.41
40 - 50	3	39,752,637	17	4.30
50 - 60	4	14,513,139	5	1.57
60 - 70	5	36,953,065	11	4.00
70 - 80	6	173,685,311	46	18.78
80 - 100	7	124,873,519	28	13.50
100 - 150	8	209,731,388	35	22.67
OVER 150	9	277,088,402	24	29.92
		$925,190,082	195	100.00%

TYPE OF OWNERSHIP		
TOTAL	PARTNERSHIP OR PROPRIETOR	CORPORATION
75	7	68
100%	9.3%	90.7%

STORE OWNERSHIP		
TOTAL	SINGLE STORE	MULTIPLE STORES
75	45	30
100%	60%	40%

3. SALES

Stores in Groups 6 and 9 in the range of $70,000 to $150,000, had the best sales increase. The greatest sales increase of 40.5% was in Group 6.

TREND IN SALES -- 1980 TO 1979					
GROUP	WEEKLY SALES (000's)	YOUR STORE	RATE OF SALES INCREASE		
			GREATEST	LOWEST	AVERAGE
1	$ 0 - $ 30		34.5%	(22.9%)	2.4%
2	30 - 40		24.0	1.1	10.8
3	40 - 50		25.7	2.3	8.1
4	50 - 60		11.2	(2.4)	5.6
5	60 - 70		11.3	.3	7.2
6	70 - 80		40.5	(1.6)	10.9
7	80 - 100		17.2	3.5	8.1
8	100 - 150		34.0	.3	11.3
9	OVER 150		37.9	(13.2)	12.9
1980			26.3%	(3.6%)	8.6%
1979			31.7%	(2.3%)	12.6%
1978			32.5%	(1.80%)	14.4%

31.8%

4. PRETAX INCOME

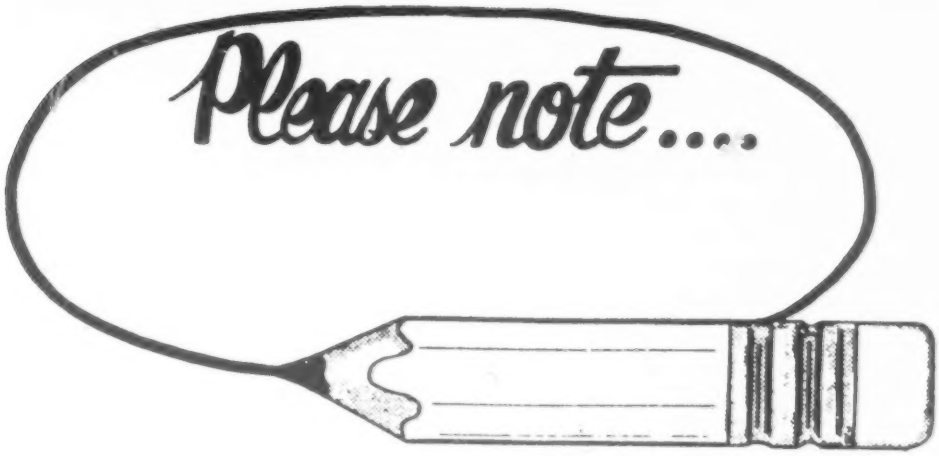
The average pretax income of 2.0% was a slight decline of .5% from last year of 2.1%. The "high" was in Group 8 with a 6.3% to sales.

PRETAX INCOME - PERCENT TO SALES						PRIOR YEAR
GROUP	WEEKLY SALES (000's)	YOUR STORE	PRETAX INCOME TO SALES			
			HIGH	LOW	AVERAGE	AVERAGE
1	$ 0 - $ 30		6.1%	(.1%)	2.7%	3.0%
2	30 - 40		2.7	.7	1.4	2.4
3	40 - 50		3.6	.6	1.9	1.3
4	50 - 60		3.5	.2	1.8	2.1
5	60 - 70		1.3	.2	.8	2.5
6	70 - 80		4.3	(.6)	2.0	2.1
7	80 - 100		3.1	2.4	2.6	2.2
8	100 - 150		6.3	.5	2.3	1.8
9	OVER 150		5.5	(.1)	2.6	1.9
1980			4.0%	.4%	2.0%	2.1%
1979			4.9%	.5%	2.1%	-.5%
1978			4.4%	1.0%	2.4%	

5. SALES PER CUSTOMER

The sales per customer measures what customers spend in various sales volume stores. The higher the weekly store sales volume -- the more sales per customer. The rise in the SPC (sales per customer) in the larger volume stores from $60,000 or more in weekly sales outperformed the lower volume units.

WEEKLY SALES (000's)	YOUR STORE	SALES PER CUSTOMER			PRIOR YEAR
		HIGH	LOW	AVERAGE	AVERAGE
$ 0 - $ 30		$10.30	$ 7.94	$ 9.06	$ 6.49
30 - 40		10.00	5.39	7.97	9.43
40 - 50		11.50	5.60	8.84	8.14
50 - 60		11.96	5.02	8.37	10.14
60 - 70		12.00	8.11	10.12	10.99
70 - 80		12.75	8.19	9.91	10.17
80 - 100		15.51	9.26	11.73	11.69
100 - 150		18.92	6.46	13.40	15.27
OVER 150		22.00	10.90	15.40	17.83
1980		$13.88	$ 7.43	$10.53	$11.13
1979		$15.10	$ 7.66	$11.13	-5.7%
1978		$11.86	$ 7.97	$ 9.59	



II - ADVERTISING, INCENTIVES, INVENTORY AND ENERGY

1. ADVERTISING

A. Advertising Ratio To Sales

The 1980 comparison analyzes the extent to which retailers in the various sales groups use different advertising methods, gross advertising dollars spent, and the ratio of advertising spent to sales. Advertising expense, overall was an average of 1.04% to sales for 1980 representing a small decrease of 5.8% over the ratio spent in 1979. The advertising dollars spent ranged from .72% to 4.61% to sales.

ADVERTISING					PRIOR YEAR
WEEKLY SALES (000's)	YOUR STORE	PERCENT TO SALES			
		HIGH	LOW	AVERAGE	AVERAGE
$ 0 - $ 30		4.61%	.01%	1.73%	.84%
30 - 40		2.10	.31	1.20	1.38
40 - 50		1.50	.67	1.10	1.33
50 - 60		.72		.72	.97
60 - 70		1.23	.40	.84	1.31
70 - 80		1.93	.20	1.15	1.16
80 - 100		1.84	.02	.94	.94
100 - 150		1.33	.32	.70	.87
OVER 150		2.20	.15	.97	1.09
	1980	1.92%	.26%	1.04%	1.10%
	1979	1.94%	.49%	1.10%	-5.8%
	1978	1.72%	.20%	.92%	

The annual dollars spent in advertising for each volume group are summarized below. The total amount spent increased almost $4,000. This is 7.3% over last year.

ADVERTISING					PRIOR YEAR
WEEKLY SALES (000's)	YOUR STORE	AMOUNT SPENT HIGH	AMOUNT SPENT LOW	AMOUNT SPENT AVERAGE	AVERAGE
$ 0 - $ 30		$ 55,929	$ 9,440	$26,073	$ 10,497
30 - 40		37,705	5,829	20,465	24,370
40 - 50		33,479	11,213	25,050	31,235
50 - 60		44,004	19,397	29,495	26,753
60 - 70		44,200	12,132	30,364	43,650
70 - 80		70,473	7,265	43,611	43,358
80 - 100		92,500	33,822	60,602	43,898
100 - 150		220,000	18,250	60,393	53,475
OVER 150		237,772	21,472	118,091	108,656
	1980	$ 92,896	$15,424	$46,016	$ 42,876
	1979	$ 74,441	$18,051	$42,876	+7.3%
	1978	$ 56,500	$12,700	$32,900	

B. Methods Of Advertising

Retailers use a variety of methods of advertising as shown with newspapers, window banners and shelf talkers as the leaders.

	ADVERTISING - METHODS USED						
WEEKLY SALES (000's)	NEWS-PAPERS	RADIO & T.V.	INCENTIVE PROMOTIONS	SALES CIRCULARS	BAG STUFFERS	SHELF TALKERS	WINDOW BANNERS
$ 0 - $ 30	5	3	3	1	1	3	3
30 - 40	8	6	6	7	3	8	6
40 - 50	4	1	4	5	3	6	6
50 - 60	5	2	3	3	4	5	5
60 - 70	6	2	6	5	4	6	6
70 - 80	8	4	7	4	4	8	7
80 - 100	5	5	4	5	4	6	6
100 - 150	17	10	7	10	7	13	11
OVER 150	10	4	5	4	3	10	6
TOTAL	68	37	45	44	33	65	56
1980	91%	49%	60%	59%	44%	87%	75%
1979	89%	67%	67%	63%	51%	95%	82%

The extent to which retailers are budgeting ad dollars based on the replies from the store operators show a sharp decline in radio and television and a lessor decline in everything but newspapers.

METHOD	EXTENT		TREND
	1980	1979	
Newspapers	91%	89%	2%
Radio and television	49	67	(36)
Incentive promotions	60	67	(12)
Sales circulars	59	63	(7)
Bag stuffers	44	51	(16)
Shelf talkers	87	95	(9)
Window banners	75	82	(9)

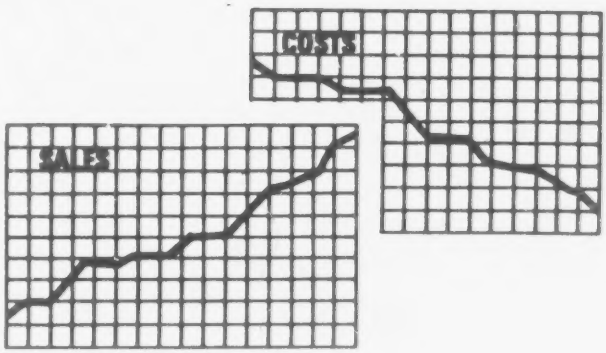
2. THE PAYOFF FROM BONUSES AND INCENTIVES

A. Bonus Plans

Many of the NARGUS operators use incentive plans, including cash bonuses, profit sharing trust plans, and pension retirement programs. These programs have really accelerated. Some retailers have both bonus plans and incentive plans.

NUMBER		INCENTIVE PLANS	AMOUNT		% TO SALES		
1980	1979		1980	1979	1980	1979	1978
		NUMBER OF OPERATORS:					
41	30	.. With Bonus Plans	$1,399,514	$ 49,195	.39%	.48%	.48%
45	42	.. Profit Sharing Or Pension Plans	2,980,179	54,930	.59%	.41%	.50%
86	72	TOTAL	$4,379,693	$104,125			

III - CONTRIBUTION TO VOLUME -- SALES MIX



Sales Mix reports the share of the consumer's food dollar made by each department to total sales. These sections of the report compare the sales contribution made by the grocery, meat, produce and other departments.

1. GROCERY

Grocery is the DOMINANT sales leader with 66% of all sales. This ratio is slightly lower than last year.

SALES MIX - GROCERY

WEEKLY SALES (000's)	YOUR STORE	% TO TOTAL STORE SALES HIGH	LOW	AVERAGE	PRIOR YEAR
$ 0 - $ 30		82.1%	49.0%	65.2%	65.7%
30 - 40		79.8	52.9	66.7	62.2
40 - 50		73.9	56.3	66.5	69.5
50 - 60		76.9	61.6	71.8	70.8
60 - 70		74.3	49.4	66.2	69.0
70 - 80		75.6	60.6	67.7	67.7
80 - 100		72.8	51.2	62.5	64.2
100 - 150		74.6	38.5	64.2	68.3
OVER 150		70.2	47.9	63.7	64.9
	1980	75.6%	51.9%	66.1%	66.9%
	1979	74.8%	53.9%	66.9%	64.0%
	1978	73.5%	49.3%	64.0%	

2. MEAT

Meat sales were just over one-fifth of total store sales - 20.6% for 1980 and 21.7% for 1979 - was reported for the meat programs.

SALES MIX - MEAT					
WEEKLY SALES (000's)	YOUR STORE	% TO TOTAL STORE SALES			PRIOR YEAR
		HIGH	LOW	AVERAGE	
$ 0 - $ 30		34.8%	14.2%	20.6%	23.0%
30 - 40		27.4	16.1	22.2	26.7
40 - 50		26.7	15.2	21.4	21.1
50 - 60		31.7	16.5	21.2	20.4
60 - 70		28.9	17.8	22.0	22.3
70 - 80		25.4	16.3	20.2	22.2
80 - 100		22.0	14.7	17.9	19.9
100 - 150		33.0	15.1	20.4	18.2
OVER 150		23.7	9.3	19.1	21.2
	1980	28.2%	15.0%	20.6%	21.7%
	1979	29.2%	15.9%	21.7%	20.9%
	1978	26.4%	15.3%	20.9%	

3. PRODUCE

Produce contributed 6.3% of store sales for a slight increase from the 6.1% for the previous year. Many of the operators were over the average 6.3% with a "high" of 17.0%.

SALES MIX - PRODUCE					
WEEKLY SALES (000's)	YOUR STORE	% TO TOTAL STORE SALES			PRIOR YEAR
		HIGH	LOW	AVERAGE	
$ 0 - $ 30		7.0%	3.7%	5.1%	5.3%
30 - 40		8.7	4.1	6.0	5.9
40 - 50		7.8	5.8	6.7	5.6
50 - 60		6.7	4.8	5.6	6.7
60 - 70		6.5	5.2	5.9	5.2
70 - 80		8.7	4.4	6.2	6.2
80 - 100		9.8	4.0	6.0	7.4
100 - 150		10.7	3.9	6.8	5.8
OVER 150		17.0	5.9	8.3	6.7
	1980	9.2%	4.6%	6.3%	6.1%
	1979	8.2%	4.5%	6.1%	6.5%
	1978	9.4%	4.7%	6.5%	

4. BAKERY

On-premise bakery operations average 3.8% of total sales, an increase from the 2.9% for 1979. Some units report as much as 8.8% of sales from their scratch bakery operation.

SALES MIX - BAKERY				
WEEKLY SALES (000's)	YOUR STORE	% OF STORE SALES		
		HIGH	LOW	AVERAGE
$ 30 - $ 40		1.6%		1.6%
40 - 50		4.9		4.9
50 - 60		6.8		6.8
70 - 80		3.8	1.2%	2.8
80 - 100		5.5	.1	3.3
100 - 150		6.3	.8	3.5
OVER 150		8.8	1.5	3.6
	1980	5.4%	.9%	3.8%
	1979	3.7%	2.1%	2.9%
	1978	4.1%	1.9%	3.0%

5. DELICATESSEN

Delicatessen departments are an important operation in the larger volume supermarket operations. The delicatessen department contributes from .1% to 8.8% with an overall average of 3.6%.

SALES MIX - DELICATESSEN				
WEEKLY SALES (000's)	YOUR STORE	% OF STORE SALES		
		HIGH	LOW	AVERAGE
$ 30 - $ 40		1.5%		1.5%
40 - 50		1.6		1.6
50 - 60		6.8		6.8
60 - 70		4.5	3.3%	3.9
70 - 80		5.6	.1	2.9
80 - 100		4.4	.1	3.2
100 - 150		7.0	.7	4.0
OVER 150		8.8	3.1	5.1
	1980	5.0%	1.5%	3.6%
	1979	6.1%	2.5%	3.9%
	1978	7.1%	2.2%	5.1%

6. LIQUOR

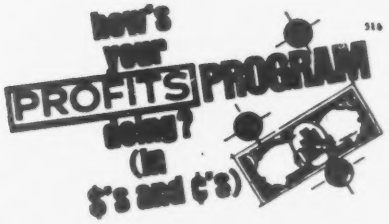
Several markets operate liquor departments that vary in sales contributions from 2.7% to 11.7% of sales.

SALES MIX - LIQUOR			
WEEKLY SALES (000's)	YOUR STORE	PERCENT OF STORE SALES	1979
$ 0 - $ 30		11.7%	10.5%
30 - 40		7.8	6.3
40 - 50		6.2	3.7
60 - 70		2.9	4.3
70 - 80		2.7	3.9
80 - 100		3.7	7.2
OVER 150		3.5	---

IV - GROSS PROFIT

The gross profits are reported for the total store and for each department in this section. Gross profits are the results of management decisions in these operational phases of the operations:

1. Pricing policy and area competition.
2. In-store promotion and merchandising.
3. Non-foods merchandise programs - particularly general merchandise and HABA.
4. Higher gross profit bakery, delicatessen and family centers add to the overall margins.



TOTAL STORE

Gross profits to sales varied from a composite low of 14.6% to a high of 23.6% with an average of 19.6% for 1980, a slight decline from 19.9% of 1979.

GROSS PROFIT - TOTAL STORE					
WEEKLY SALES (000's)	YOUR STORE	% TO TOTAL STORE SALES			PRIOR YEAR
		HIGH	LOW	AVERAGE	
$ 0 - $30		23.5%	8.5%	17.1%	20.2%
30 - 40		22.9	17.9	20.5	21.2
40 - 50		24.1	18.4	20.6	19.4
50 - 60		22.1	16.8	19.4	20.9
60 - 70		21.7	16.8	19.3	19.8
70 - 80		23.6	16.9	20.0	19.6
80 - 100		22.3	18.9	20.3	20.4
100 - 150		29.4	14.9	20.7	18.3
OVER 150		23.1	1.9	18.8	19.7
	1980	23.6%	14.6%	19.6%	19.9%
	1979	23.2%	16.7%	19.9%	-2.0%
	1978	22.7%	18.2%	20.3%	

1. GROSS PROFIT - GROCERY

The "spread" in average grocery gross profits ranged from an average of 19.9% to the lowest average of 16.0% and the highest gross profit of 26.1% to a low of 18.9%.

GROSS PROFIT - GROCERY					
WEEKLY SALES (000's)	YOUR STORE	% TO TOTAL STORE SALES			PRIOR YEAR
		HIGH	LOW	AVERAGE	
$ 0 - $ 30		24.8%	8.6%	16.9%	19.8%
30 - 40		22.9	14.7	18.9	18.9
40 - 50		24.1	16.6	19.9	18.3
50 - 60		22.3	15.7	18.1	18.4
60 - 70		20.5	16.8	18.7	18.2
70 - 80		23.2	15.7	18.4	18.1
80 - 100		18.9	9.9	16.2	17.9
100 - 150		26.1	12.7	18.2	15.6
OVER 150		21.0	1.5	16.0	16.9
	1980	22.6%	12.5%	17.9%	18.0%
	1979	21.9%	14.5%	18.0%	(1.7%)
	1978	21.3%	15.9%	18.3%	

2. GROSS PROFIT - MEAT

The average gross profits earned in the meat departments vary from a composite low of 12.7% to a high of 24.9% with an overall average of 19.9%. The higher prices per pound showed in the increase in gross profits over last year.

GROSS PROFIT - MEAT					
WEEKLY SALES (000's)	YOUR STORE	% TO TOTAL STORE SALES			PRIOR YEAR
		HIGH	LOW	AVERAGE	
$ 0 - $ 30		23.6%	7.6%	18.1%	19.3%
30 - 40		24.0	16.2	20.9	20.2
40 - 50		26.2	18.2	22.5	19.7
50 - 60		27.1	10.8	19.1	23.7
60 - 70		21.8	16.4	18.9	20.4
70 - 80		24.3	14.1	19.9	20.3
80 - 100		24.3	10.0	19.3	20.4
100 - 150		29.0	16.5	21.6	19.4
OVER 150		24.2	4.6	18.5	19.0
	1980	24.9%	12.7%	19.9%	20.3%
	1979	25.2%	15.9%	20.3%	-2.0%
	1978	23.4%	15.9%	19.7%	3.0%

3. GROSS PROFIT - PRODUCE

The produce gross profits reported vary between the average high of 38.0% to a low of 17.6% with a composite average of 27.7%.

GROSS PROFIT - PRODUCE					
WEEKLY SALES (000's)	YOUR STORE	% TO TOTAL STORE SALES			PRIOR YEAR
		HIGH	LOW	AVERAGE	
$ 0 - $ 30		37.7%	14.2%	24.7%	24.5%
30 - 40		34.4	26.9	30.6	24.9
40 - 50		30.0	21.9	26.9	29.7
50 - 60		32.5	19.6	24.7	28.3
60 - 70		36.2	23.2	29.3	29.4
70 - 80		34.2	23.7	27.5	29.2
80 - 100		32.7	10.0	27.7	29.2
100 - 150		69.5	17.9	31.3	28.0
OVER 150		34.9	1.3	26.4	27.7
	1980	38.0%	17.6%	27.7%	27.9%
	1979	35.4%	14.9%	27.9%	-.7%
	1978	33.4%	21.3%	28.4%	(1.8%)

4. GROSS PROFIT - BAKERY

The on-premise bakery operations vary in gross profits from an average low of 16.7% to a high of 52.5% with a midpoint of 39.3%.

GROSS PROFIT - BAKERY					
WEEKLY SALES (000's)	YOUR STORE	% TO TOTAL STORE SALES			PRIOR YEAR
		HIGH	LOW	AVERAGE	
$ 30 - $ 40		37.1%		37.1%	30.0%
40 - 50		40.1		40.1	60.2
50 - 60		49.1		49.1	37.9
70 - 80		43.5	40.1%	41.8	51.6
80 - 100		49.8	11.6	26.3	43.2
100 - 150		73.3	24.1	43.8	57.7
OVER 150		74.8	(9.2)	36.8	60.0
	1980	52.5%	16.7%	39.3%	48.1%
	1979	54.6%	40.8%	48.1%	-22.4%
	1978	61.3%	42.8%	52.2%	-8.5%

5. GROSS PROFIT - DELICATESSEN

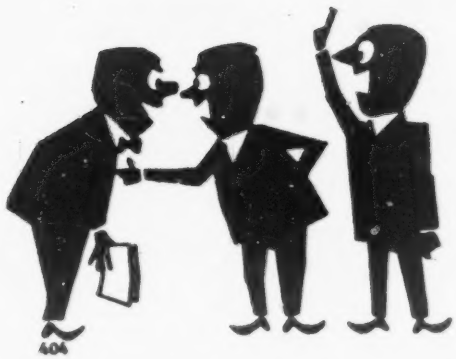
The average profit margins for delicatessen operations vary from 21.7% to 43.6% with an average of 36.7%.

GROSS PROFITS - DELICATESSEN					
WEEKLY SALES (000's)	YOUR STORE	% TO TOTAL STORE SALES			
		HIGH	LOW	AVERAGE	
$ 30 - $ 40		24.8%		24.8%	
40 - 50		39.9		39.9	
50 - 60		49.1		49.1	
60 - 70		40.4	38.4%	39.4	
70 - 80		46.4	20.0	38.5	
80 - 100		39.1	11.6	25.4	
100 - 150		60.3	35.2	44.0	
OVER 150		48.8	3.2	32.8	
	1980	43.6%	21.7%	36.7%	
	1979	48.9%	26.6%	37.5%	- 2.2
	1978	50.8%	30.8%	43.6%	-16.3

6. GROSS PROFIT - LIQUOR

Store operating liquor departments report profit margins that vary from a low of 12.4% to a high of 39.5%. The average markup increased by 8.6% over last year.

GROSS PROFITS - LIQUOR				
WEEKLY SALES (000's)	YOUR STORE	PERCENT TO SALES		
$ 0 - $ 30		12.4%		
30 - 40		39.5		
40 - 50		17.4		
60 - 70		22.6		
70 - 80		15.9		
100 - 150		22.9		
OVER 150		18.8		
1980		21.4%		
1979		19.7%		+8.6
1978		17.4%		+13.2



V - LABOR PRODUCTIVITY

Labor productivity exerts an important impact on retail store operations and profits. The barometers of performance commonly used to rate labor costs are:

1. SPH (SALES PER HOUR) and
2. The ratio of Labor Cost to Sales.

Since store labor represents 55% to 65% of operating costs, labor performance influences store profit results dramatically.

1. TOTAL STORE

Labor costs varied from an average of 8.8% to sales from an average low of 6.6% to a high of 11.1%. The ratio of labor cost to sales remained the same for 1980 as recorded for 1979.

Sales Per Hour increased to $69.87 in 1980 from the $66.90 for 1979 -- an increase of 4.4%.

PERCENT OF LABOR TO TOTAL SALES

WEEKLY SALES (000's)	YOUR STORE	RATIO HIGH	RATIO LOW	RATIO AVERAGE
$ 0 - $ 30		11.3%	8.4%	9.9%
30 - 40		11.2	8.0	9.3
40 - 50		12.5	7.9	9.8
50 - 60		9.8	7.1	8.2
60 - 70		11.2	6.3	8.8
70 - 80		10.9	7.6	9.0
80 - 100		10.2	.4	7.0
100 - 150		12.0	6.8	8.4
OVER 150		10.8	6.9	9.0
1980		11.1%	6.6%	8.8%
1979		11.7%	6.6%	8.8%
TREND				SAME
1978		10.5%	6.0%	8.4%

SPMH - TOTAL STORE

YOUR STORE	SPMH HIGH	SPMH LOW	SPMH AVERAGE
	$ 71.49	$47.48	$59.49
	146.00	56.00	79.69
	95.68	58.09	69.98
	77.21	50.02	67.05
	61.80	57.53	59.31
	102.25	49.43	72.95
	138.31	61.30	83.97
	102.11	57.50	68.84
	86.00	53.62	67.59
1980	$ 97.87	$54.55	$69.87
1979	$114.17	$44.98	$66.90
TREND			+4.4
1978	$ 78.84	$49.35	$58.08

2. GROCERY

The labor cost to sales ratios for grocery includes all front end costs (cashier, bagger, and carryout) as well as the grocery department personnel. This total labor cost ratio is measured solely to grocery sales. The grocery labor cost ratio average was 6.5% with a range of 3.7% for the lower cost performers to a high of 9.5%.

PERCENT OF LABOR TO GROCERY SALES				
WEEKLY SALES (000's)	YOUR STORE	RATIO		
		HIGH	LOW	AVERAGE
$ 0 - $30		9.3%	6.2%	8.0%
30 - 40		9.1	4.3	6.7
40 - 50		9.1	3.3	6.6
50 - 60		9.4	2.2	6.1
60 - 70		13.3	6.1	8.6
70 - 80		9.5	3.7	7.2
80 - 100		9.6	2.9	5.8
100 - 150		8.8	2.1	6.0
OVER 150		7.0	2.5	3.8
1980		9.5%	3.7%	6.5%
1979		9.8%	4.0%	6.8%
TREND				-4.6%
1978		8.9%	2.9%	5.5%

SALES PER MANHOUR			
YOUR STORE	SPMH		
	HIGH	LOW	AVERAGE
	$ 80.96	$ 40.31	$ 59.59
	96.19	29.00	59.28
	170.79	59.76	97.80
	170.17	44.04	89.76
	203.22	56.40	96.08
	230.83	50.31	115.33
	275.83	58.48	154.19
	235.07	58.23	112.80
	277.49	128.00	208.85
1980	$193.39	$ 58.28	$110.40
1979	$176.28	$ 50.68	$103.34
TREND			+6.8
1978	$178.82	$ 55.44	$ 99.61

SPMH averages $110.40 with the more productive operators at $193.39. Note that five of the groups were well over $200.00 in grocery SPMH for record highs in this category.

3. MEAT

The labor cost ratio and SPMH for all reporting meat operations follow:

PERCENT OF LABOR TO MEAT SALES				
WEEKLY SALES (000's)	YOUR STORE	RATIO		
		HIGH	LOW	AVERAGE
$ 0 - $ 30		13.5%	7.0%	10.5%
30 - 40		11.0	5.9	8.4
40 - 50		9.2	7.6	8.3
50 - 60		12.8	6.1	9.0
60 - 70		9.2	5.9	7.4
70 - 80		12.0	6.6	8.3
80 - 100		9.3	5.3	7.3
100 - 150		9.0	2.9	6.8
OVER 150		8.9	5.5	7.2
1980		10.5%	5.9%	8.1%
1979		10.5%	5.1%	7.8%
TREND				+3.9%
1978		12.2%	2.6%	7.9%

SALES PER MANHOUR			
YOUR STORE	SPMH		
	HIGH	LOW	AVERAGE
	$ 75.61	$40.91	$ 59.17
	86.72	28.00	56.62
	115.44	58.00	80.39
	238.00	52.41	109.77
	89.95	67.44	78.94
	118.00	77.32	96.47
	119.06	91.66	103.34
	161.31	65.40	101.88
	173.00	65.22	112.40
1980	$130.79	$60.70	$ 88.78
1979	$116.24	$56.97	$ 86.22
TREND			+2.9
1978	$ 81.06	$52.75	$ 71.66

The overall meat labor ratio to sales was 8.1%; high of 10.5%. SPH increased 2.9% with an average of $88.78, an increase over 1979.

4. PRODUCE

The produce labor cost/sales ratio averaged 9.5% with the lower cost operators at 6.4%. The higher cost departments averaged 12.2%. SPMH in produce averaged $61.93, an increase of 10.3% over 1979.

PERCENT OF LABOR TO PRODUCE SALES				
WEEKLY SALES (000's)	YOUR STORE	RATIO		
		HIGH	LOW	AVERAGE
$ 0 - $ 30		13.9%	5.8%	10.4%
30 - 40		11.7	6.5	9.4
40 - 50		13.7	7.2	10.9
50 - 60		11.1	6.4	8.6
60 - 70		15.4	7.0	10.9
70 - 80		12.2	4.7	9.0
80 - 100		10.5	7.5	9.5
100 - 150		10.7	5.8	8.3
OVER 150		11.0	6.3	8.9
1980		12.2%	6.4%	9.5%
1979		13.7%	5.4%	9.7%
TREND				-2.1%
1978		12.4%	2.4%	8.6%

SALES PER MANHOUR			
YOUR STORE	SPMH		
	HIGH	LOW	AVERAGE
	$72.52	$26.61	$44.36
	65.27	28.00	50.50
	96.28	29.25	59.95
	78.25	53.07	66.14
	74.60	50.42	60.44
	97.95	41.86	73.06
	87.03	49.17	64.78
	108.62	36.61	68.56
	86.93	52.99	69.60
1980	$85.47	$40.89	$61.93
1979	$80.01	$38.48	$56.14
TREND			+10.3
1978	$62.73	$37.57	$48.83

5. BAKERY

Bakery labor cost/sales ratio increased by 4.7% over 1979.

PERCENT OF LABOR TO BAKERY SALES				
WEEKLY SALES (000's)	YOUR STORE	RATIO		
		HIGH	LOW	AVERAGE
$ 30 - $ 40		21.0%		21.0%
40 - 50		44.3		44.3
70 - 80		35.0	23.1	29.1
80 - 100		35.9	33.9	34.9
100 - 150		45.6	16.9	31.8
OVER 150		40.4	13.1	26.2

1980	37.0%	21.8%	31.2%
1979	36.5%	23.4%	29.8%
TREND			+4.7
1978	41.3%	31.7%	30.9%

6. DELICATESSEN

The delicatessen labor cost ratio to sales was an average of 23.5%. Most of the groups remained near the average. The SPH average of $21.05 varies from a low of $17.00 to a high of $26.55. Delicatessen percent to sales and SPH were both down from last year.

PERCENT OF LABOR TO TOTAL SALES		
WEEKLY SALES (000's)	YOUR STORE	RATIO AVERAGE
$ 30 - $ 40		22.1%
40 - 50		21.3
50 - 60		
60 - 70		23.2
70 - 80		24.9
80 - 100		22.8
100 - 150		27.6
OVER 150		22.7
1980		23.5%
1979		23.7%
TREND		-.9
1978		18.1%

SALES PER HOUR	
YOUR STORE	SPH AVERAGE
	$22.28
	17.00
	18.59
	19.33
	20.30
	23.28
	26.55
1980	$21.05
1979	$23.68
TREND	-12.5
1978	19.40%

7. STORE MANAGEMENT

The ratio of store manager's salaries to sales was an overall average of .9%. The higher volume stores with $100,000 or more in weekly sales tend to average a lower ratio of store management labor to sales while the stores with the lessor volumes are higher cost/sales ratios reflecting family operations where the owners are actively engaged in the business.

PERCENT OF LABOR - STORE MANAGER				
WEEKLY SALES (000's)	YOUR STORE	RATIO HIGH	RATIO LOW	RATIO AVERAGE
$ 0 - $ 30		2.0%	.01%	1.0%
30 - 40		2.6	.5	1.3
40 - 50		1.2	.8	.9
50 - 60		1.1	.6	.9
60 - 70		1.5	.6	.9
70 - 80		2.0	.6	1.0
80 - 100		1.5	.1	.5
100 - 150		2.8	.3	.7
OVER 150		1.8	.1	.5
1980		1.8%	.4%	.9%
1979		1.4%	.6%	1.0%
1978		1.9%	.7%	1.2%

VI - OTHER EXPENSES

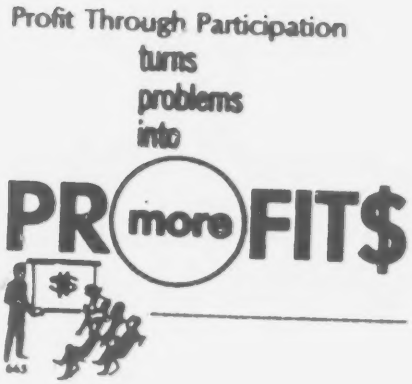
Total store expenses, excluding labor, bonuses and related employee retirement benefits, vary considerably from an average low of 6.1% to a high of 11.5% for a composite of 8.5%. The trend of 5.9% less in expenses shows an improvement over the previous years.

WEEKLY SALES (000's)	*YOUR STORE*	*PERCENT TO TOTAL STORE SALES*		
		HIGH	*LOW*	*AVERAGE*
$ 0 - $ 30		*11.0%*	*4.6%*	*7.8%*
30 - 40		*10.0*	*7.9*	*8.8*
40 - 50		*14.0*	*7.7*	*9.7*
50 - 60		*8.9*	*6.4*	*7.9*
60 - 70		*10.1*	*5.1*	*8.2*
70 - 80		*11.0*	*5.7*	*8.8*
80 - 100		*9.5*	*5.5*	*7.7*
100 - 150		*14.7*	*5.2*	*8.4*
OVER 150		*14.0*	*6.7*	*9.2*

1980	*11.5%*	*6.1%*	*8.5%*
1979	*12.4%*	*6.2%*	*9.0%*
TREND			*-5.9%*
1978	*10.9%*	*6.3%*	*8.5%*

VII - FINANCIAL CONDITION

This section reviews the financial condition of the retail operators in this study.



Operators emphasize - and rightly so - their statement of operations in sales, margins, expenses and profits. An equally important barometer is the STATEMENT OF FINANCIAL CONDITION -- the assets, liabilities, leverage factors, and net worth.

The changing retail environment dictates a greater importance that each independent should exert to an analysis and review of the balance sheet of the business as the barometer or state of health of the business.

1. FINANCIAL CONDITION

ASSETS

The ratio of corporate assets invested in current assets, property and equipment and other investments to the total assets is reported on this statement. These ratios indicate whether any inbalance exists in the individual company and the extent to which the assets are working to enhance the RETURN ON INVESTMENT.

LIABILITIES AND NET WORTH

The ratio of current liabilities, long-term debt and net worth to total liabilities, net worth and the extent to which retailers finance their operations whether by long-term borrowings or by stockholder investment are classified in the STATEMENT OF LIABILITIES AND OWNERS' NET WORTH.

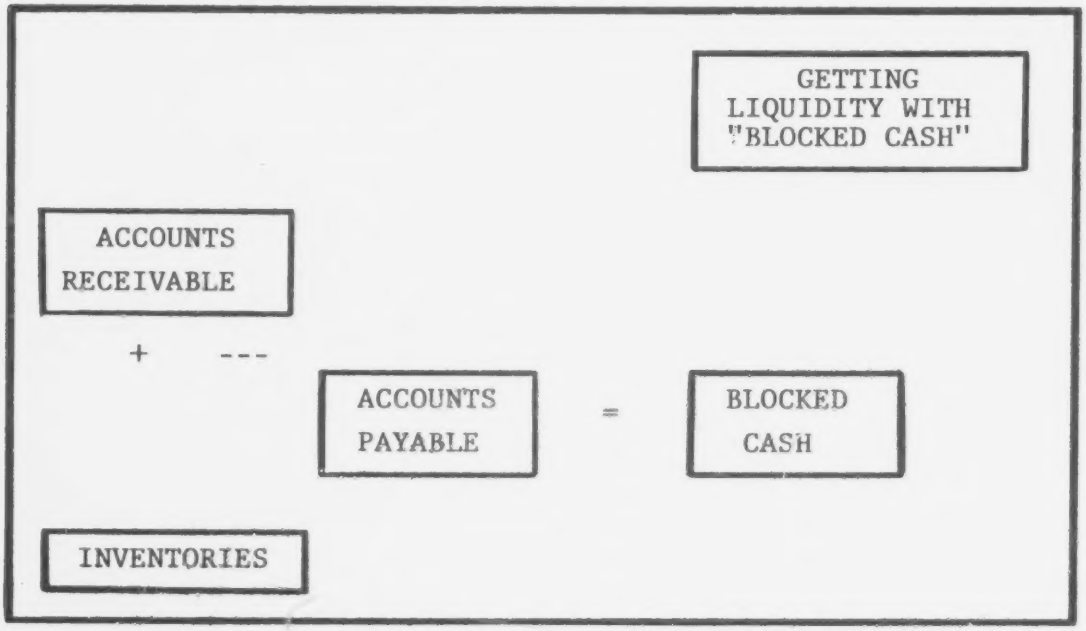
COMPARATIVE STATEMENT OF FINANCIAL CONDITION

	AVERAGE	GROUP 1 $0 - $30	GROUP 2 $30-$40	GROUP 3 $40-$50	GROUP 4 $50-$60	GROUP 5 $60-$70	GROUP 6 $70-$80	GROUP 7 $80-$100	GROUP 8 $100-$150	GROUP 9 OVER $150
					ASSET RATIO					
CURRENT ASSETS	56.85°	56.20%	49.08%	56.82%	84.90%	49.69%	49.60%	51.39%	67.40%	46.53%
INVESTMENTS	7.53		6.50	6.12		22.73	10.04	14.95	4.60	2.86
PROPERTY/ EQUIPMENT	34.38	43.80	44.42	35.22	15.08	23.66	36.46	33.66	26.55	50.61
OTHER	1.24			1.84	.02	3.92	3.90		1.45	
TOTAL	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%
				LIABILITIES AND NET WORTH						
CURRENT LIABILITIES	39.71%	98.80%	32.41%	39.54%	7.33%	32.36%	34.27%	23.67%	46.30%	42.69%
OTHER LIABILITIES	.60		.99	1.06		2.03	1.02		.18	.16
LONG TERM DEBT	15.59		3.43	47.76	2.85	16.52	21.21	7.54	12.10	28.98
OWNERS' NET WORTH	44.10	1.20	63.17	11.64	89.82	49.19	43.50	68.79	41.42	28.17
TOTAL	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%

2. BLOCKED CASH

The blocked cash concept reports the ability of the operator in investing its quick assets (receivables and inventory minus accounts payable) to work. The lower- the amount of blocked cash - is reported, the greater mileage is obtained by speedy turnover of the working capital.

The BLOCKED CASH FORMULA works as follows:



The components in BLOCKED CASH for the retail operations were as follows:

COMPONENTS OF BLOCKED CASH						
			ASSETS			
GROUP	WEEKLY SALES (000's)	NO. OF REPLIES	ACCOUNTS RECEIVABLE	INVENTORY	ACCOUNTS PAYABLE	BLOCKED CASH
1	$ 0 - $ 30	1	$15.3	$116.8	$ 76.3	$ 55.8
2	30 - 40	5	17.8	104.9	17.9	104.8
3	40 - 50	5	40.7	345.1	202.3	183.5
4	50 - 60	3	3.1	109.8	40.3	72.6
5	60 - 70	4	17.7	267.7	123.4	162.0
6	70 - 80	5	184.1	2,383.5	1,279.3	1,288.3
7	80 - 100	3	19.3	520.2	267.0	272.5
8	100 - 150	8	209.3	406.6	360.1	255.8
9	OVER 150	6	135.3	949.5	971.0	113.8
		1980	$71.4	$578.2	$370.8	$278.8
		1979	$81.1	$669.7	$625.2	$125.6
% OF BLOCKED CASH		1980	25.6%	207.4%	133.0%	100.0%
		1979	64.6%	533.2%	497.8%	100.0%

3. VENDOR FLOAT

An important part of the BLOCKED CASH FORMULA and also of money management is the vendor float. This is calculated as the ratio of accounts payable to inventory. The "float" determines the ability of the Corporate Controller to schedule payment of bills within the supplier credit terms and not miss any cash discounts. The average vendor float was 57.7% and varied from 17.1% to as high as 102.3%.

VENDOR FLOAT					
GROUP	WEEKLY SALES (000's)	AVERAGE		VENDOR FLOAT	TREND
		INVENTORY	PAYABLES		
1	$ 0 - $ 30	$ 116.8	$ 76.3	65.3%	
2	30 - 40	104.9	17.9	17.1	
3	40 - 50	345.1	202.3	58.6	
4	50 - 60	109.8	40.3	36.7	
5	60 - 70	267.7	123.4	46.1	
6	70 - 80	2,383.5	1,279.3	53.7	
7	80 - 100	520.2	267.0	51.3	
8	100 - 150	406.6	360.1	88.6	
9	OVER 150	949.5	971.0	102.3	
OVERALL				57.7%	
PRIOR YEAR				71.3%	(19.1%)

4. SALES GENERATED PER INVENTORY DOLLAR

Retailing is the business of generating profits by the sales of inventory. Each dollar of inventory produced $23.74 in sales as follows:

SALES GENERATED PER INVENTORY DOLLAR				
GROUP	WEEKLY SALES (000's)	NO. OF REPLIES	SALES PER INVENTORY	TREND
1	$ 0 - $ 30	4	$20.84	
2	30 - 40	9	21.51	
3	40 - 50	5	21.43	
4	50 - 60	5	19.34	
5	60 - 70	6	23.09	
6	70 - 80	7	24.28	
7	80 - 100	6	22.06	
8	100 - 150	15	26.82	
9	OVER 150	10	34.32	
OVERALL		67	$23.74	
PRIOR YEAR			$26.60	11.1%

The NARGUS financial comparison represents a dramatic reversal of the financial planning of retailers -- greater reliance on borrowed capital than on equity and retained earnings.

> The prudent financial goal is $2.00 in equity for every $1.00 in equity. The three retailers in Group 3 and the two retailers in Group 6 are working on "negative capital."

If we omit the "excess debt" of the retailers, the debt to leverage for the remaining retailers is as follows:

	LONG TERM DEBT	NET WORTH	LEVERAGE RATIO
Total	$7,905.0	$9,438.0	.83%
DEDUCT:			
Group 3	$ 567.7	$ 429.9	.32
Group 6	4,004.5	2,658.9	1.50
	$4,572.2	$3,088.8	1.48
Net Balance	$3,332.8	$6,349.2	.52

5. LONG-TERM DEBT TO NET WORTH -- LEVERAGE

The use of long-term debt (mortgages, secured and unsecured debt) as compared to net worth reveals the extent to which an operator uses the leverage factor. A ratio of $1.00 in long-term debt to every $2.00 of net worth is considered as a reasonable leverage factor for retailers. Retailers report a very high use of leverage as the ratio was .77 to 1 for the year comparable to a ratio of $1.65 to $2.00 in net worth -- much too high.

1980	
TOTAL NET WORTH, YEAR-END (THOUSANDS)	*$27,922.1*
LONG-TERM DEBT, YEAR-END (THOUSANDS)	*$21,657.6*
RATIO OF LONG-TERM DEBT TO NET WORTH	*.77 TO 1*
1979	*.88 TO 1*

Retailers are relying both in the use of internal funds (equity) and greater leverage as shown by the following analysis of the leverage factor.

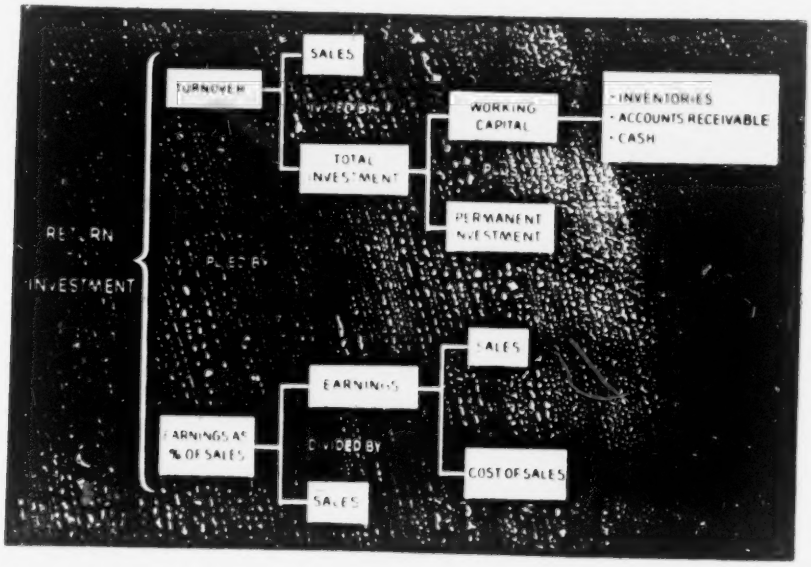
USE OF LEVERAGE -- LONG-TERM DEBT TO NET WORTH					
GROUP	WEEKLY SALES (000's)	NO. OF REPLIES	LONG-TERM DEBT	NET WORTH	LEVERAGE RATIO
1	$ 0 - $ 30	1	$ -0-	$ .3	
2	30 - 40	4	43.3	93.2	.46
3	40 - 50	3	567.7	429.9	.32
4	50 - 60	1	15.0	472.8	.03
5	60 - 70	4	152.9	406.7	.37
6	70 - 80	2	4,004.5	2,658.9	1.50
7	80 - 100	2	1,491.5	2,866.6	.52
8	100 - 150	5	521.9	862.1	.60
9	OVER 150	5	1,108.2	1,647.7	.67
TOTAL		27	$7,905.0	$9,438.2	.83
1979			$6,870.2	$7,738.2	.80

LEVERAGE USE	
TOTAL NET WORTH	$9,438.2
ADDITIONAL LEVERAGE -- LONG TERM DEBT AT 2 TO 1 (50%)	$4,719.1
ACTUAL LONG-TERM DEBT	7,905.0
EXCESS BORROWING POWER	$3,185.9

6. PROFIT PROFICIENCY - RETURN ON INVESTMENT

Return on investment measures the profitability of an enterprise based on managements ability as to its profit efficiency. Successful wholesale distributors concentrate on: (1) turnover of working capital, (2) the efficient use of capital and assets, (3) the development and forceful merchandising programs designed to secure maximum concentration of purchases from suppliers, and (4) earnings per share of common stock. PROFIT EFFICIENCY IS THE BEST POSSIBLE RETURN ON INVESTMENT.

The chart below illustrates the use of the corporate assets to secure profits and the computation of the MANAGEMENT RETURN ON INVESTMENT. In applying the formula, working capital comprises current assets (cash, inventory, receivables, and prepaid expenses) less current liabilities due or to be paid within the coming year. The permanent assets consist of fixed assets, leasehold and tangible property.



Retailers generated a return on investment of 23.2%.

RETURN ON INVESTMENT - PRETAX PROFIT TO NET WORTH			
GROUP	WEEKLY SALES (000's)	NO. OF REPLIES	RETURN ON INVESTMENT
1	$ 0 - $ 30	1	28.7%
2	30 - 40	5	26.1
3	40 - 50	5	6.5
4	50 - 60	3	18.9
5	60 - 70	4	14.3
6	70 - 80	5	31.9
7	80 - 100	4	18.3
8	100 - 150	9	21.4
9	OVER 150	6	42.5
		1980	23.2%
		1979	16.0%

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7. WORKING CAPITAL RATIO

The working capital ratio is a critical key to financial analysts in rating the ability of the operation to finance the daily operations. The desirable norm as set by financial analysts is a ratio of 2.00 in current assets for each dollar of current liabilities. Retailers report 1.62 to 1 with the working capital ratios as follows -- very close to norm.

WORKING CAPITAL RATIO			
GROUP	WEEKLY SALES (000's)	NO. OF REPLIES	RATIO
1	$ 0 - $ 30	1	1.77 TO 1
2	30 - 40	6	2.14 TO 1
3	40 - 50	5	1.78 TO 1
4	50 - 60	3	1.60 TO 1
5	60 - 70	5	1.52 TO 1
6	70 - 80	5	1.05 TO 1
7	80 - 100	4	2.04 TO 1
8	100 - 150	9	1.55 TO 1
9	OVER 150	6	1.13 TO 1
OVERALL		44	1.62 TO 1
PRIOR YEAR			2.08 TO 1